



## Information Technology Investment Board Finance and Audit Committee October 2008

This Finance Report covers the following topics:

- Fiscal Year 2008 VITA Financial Results (thru June 30, 2008)
  - Cash Flow – Internal Service Fund
  - Northrop Grumman payments
  - Accounts Receivable
- Virginia Enterprise Applications Project Office Financial Results
- Appendix – Combining Balance Sheets and Combining Statement of Revenues, Expenses and Changes in Net Assets

### FY 2008 Financial Results

#### Financial Results All Funds

	<i>FY 2008 Budget</i>	<i>Jun-08 YTD Actual</i>	<i>Actual as a % of Budget</i>
<b><u>All Funds</u></b>			
<b>Revenues, including transfers in</b>	<b>\$313,386,434</b>	<b>\$325,011,438</b>	<b>103.7%</b>
<b>Expenses, including transfers out</b>	<b>310,527,175</b>	<b>341,746,526</b>	<b>110.1%</b>
<b>Net Change</b>	<b><u>\$2,859,259</u></b>	<b>(16,735,088)</b>	
<b>Retained Earnings, July 1</b>		<b><u>46,350,293</u></b>	
<b>Ending Retained Earnings</b>		<b><u>\$29,615,205</u></b>	

Revenue and Expense details for various programs are described following the fund tables below.

**YTD Financial Results  
Internal Services Funds**

<b><u>ISF</u></b>	<b><i>FY 2008 Budget</i></b>	<b><i>Jun-08 YTD Actual</i></b>	<b><i>Actual as a % of Budget</i></b>
<b>Revenues, including transfers in</b>	<b>\$252,788,000</b>	<b>\$261,854,981</b>	<b>103.6%</b>
<b>Expenses, including transfers out</b>	<b>\$252,788,000</b>	<b>278,400,343</b>	<b>110.1%</b>
<b>Net Change</b>	<b>\$0</b>	<b>(16,545,362)</b>	
<b>Retained Earnings, July 1</b>		<b>27,820,963</b>	
<b>Ending Retained Earnings</b>		<b>\$11,275,601</b>	

The Internal Service Fund program represents the core of VITA's business, and accounts for the majority of revenues and expenses, including telecommunications, computer services, and shared rate (agency-based) services. While both revenues and expenses were higher than anticipated, revenues were insufficient to meet our expenses.

On the revenue side, final inventory reconciliation and short comings in monthly billing data continues to have impact on revenue collection. For example, the reconciliation of DMV's inventory uncovered approximately 300 servers that were not in inventory, and therefore not billing to the customer agency last year. On the expense side, we fully funded our contractual commitment to Northrop Grumman for FY08, as we did in FY07. However, the commitment in FY07 included a significant milestone payment that was actually paid in FY06, so while the commitment to Northrop Grumman for FY08 was the same as in FY07, our expenses were \$5.5 million higher in FY08 than in FY07. Also, in FY07, we were able to fund \$2.5 million of our administrative costs using prior year balances. This money was not available to us in FY08.

**YTD Financial Results  
Enterprise Funds**

<u><b>Enterprise</b></u>	<b>FY 2008 Budget</b>	<b>Jun-08 YTD Actual</b>	<b>Actual as a % of Budget</b>
<b>Revenues, including transfers in</b>	<b>\$52,061,701</b>	<b>\$50,948,458</b>	<b>97.9%</b>
<b>Expenses, including transfers out</b>	<b>49,202,442</b>	<b>49,411,547</b>	<b>100.4%</b>
<b>Net Change</b>	<b>\$2,859,259</b>	<b>1,536,911</b>	
<b>Retained Earnings, July 1</b>		<b>15,213,580</b>	
<b>Ending Retained Earnings</b>		<b>\$16,750,491</b>	

VITA's Enterprise Fund is comprised of Wireless E-911 activity. And while VGIN activity has been reported as part of this fund for years, the APA recently requested that this activity be removed from the Enterprise Fund and reported elsewhere. Therefore, the Enterprise Fund statements have been revised accordingly.

Revenue receipts from the E-911 carriers run 30-60 days behind. We have accrued any estimated uncollected receipts through June. Expenses reported through June include actual payments for localities and other vendors for FY08 services as well as estimated expenses for bills not yet paid.

**YTD Financial Results  
General Fund**

<b>GF</b>	<b>FY 2008 Budget</b>	<b>Jun-08 YTD Actual</b>	<b>Actual as a % of Budget</b>
<b>Appropriations and transfers in</b>	<b>\$2,586,920</b>	<b>\$2,586,920</b>	<b>100.0%</b>
<b>Expenses, including transfers out and reversions</b>	<b>2,586,920</b>	<b>2,586,920</b>	<b>100.0%</b>
<b>Net Change</b>	<b>\$0</b>	<b>0</b>	
<b>Retained Earnings, July 1</b>		<b>0</b>	
<b>Ending Retained Earnings</b>		<b>\$0</b>	



The General Fund program is comprised of overhead costs not allocable for indirect cost charge-back. This amount (@ \$2.5 million) was not available to VITA most of FY08 because of amendments in the 2007 session Budget Bill related to projected "VITA savings". The shortfall in this appropriation presented operational challenges for VITA. Those expenditures that would otherwise have been charged to GF were borne by the Internal Service Fund or other programs for most of the year. The Governor's 2008 Budget Bill restored this appropriation, and the General Assembly adopted that amendment. These funds are now available and the expenditures originally charged to the Internal Service Fund were moved back to the General Fund.

**YTD Financial Results  
Special Revenue Funds**

<b>Special Revenue and Dedicated Special Revenue</b>	<b><i>FY 2008 Budget</i></b>	<b><i>Jun-08 YTD Actual</i></b>	<b><i>Actual as a % of Budget</i></b>
<b>Revenues, including transfers in</b>	<b><i>\$4,821,609</i></b>	<b><i>\$9,134,749</i></b>	<b><i>189.5%</i></b>
<b>Expenses, including transfers out</b>	<b><i>4,821,609</i></b>	<b><i>10,227,716</i></b>	<b><i>212.1%</i></b>
<b>Net Change</b>	<b><i>\$0</i></b>	<b><i>(1,092,967)</i></b>	
<b>Retained Earnings, July 1 (revised)</b>		<b><i>2,682,080</i></b>	
<b>Ending Retained Earnings</b>		<b><i>\$1,589,113</i></b>	

While VITA does have several distinct special revenue and dedicated special revenue funds, the current activity is primarily related to the IFA fund (which pays for acquisition and general government activities, including support to the Governor's Office, that would not normally be included as overhead billed to state agencies and other customers) and the GIS (VGIN) fund (which accounts for activities of the Virginia Base Mapping Program and similar activities).

The financials statements for the VGIN fund were revised in accordance with APA audit comments to segregate VGIN and E911 activity. In June 2008, the Auditor of Public Accounts directed VITA staff to segregate VGIN and E911 activity. Accordingly, actual VGIN activity is now shown as a dedicated special revenue fund. Actual E911 activity continues to be shown as an enterprise fund. Budgeted amounts have not been updated to reflect these changes.

**YTD Financial Results  
Federal Funds**

<b>Federal</b>	<b>FY 2008 Budget</b>	<b>Jun-08 YTD Actual</b>	<b>Actual as a % of Budget</b>
<b>Revenues, including transfers in</b>	<b>\$1,128,204</b>	<b>\$486,330</b>	<b>43.1%</b>
<b>Expenses, including transfers out</b>	<b>1,128,204</b>	<b>1,120,000</b>	<b>99.3%</b>
<b>Net Change</b>	<b>\$0</b>	<b>(633,670)</b>	
<b>Retained Earnings, July 1</b>		<b>633,670</b>	
<b>Ending Retained Earnings</b>		<b>\$0</b>	

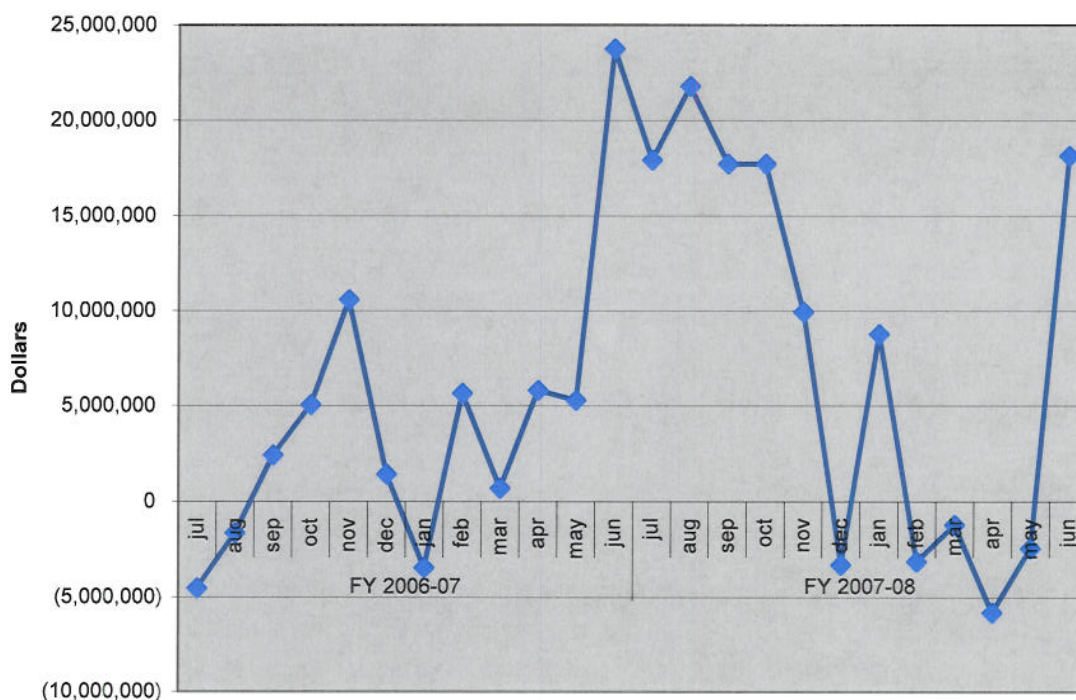
In June 2007, VITA received a \$630K grant for the Virginia Base Mapping Project. An additional grant was received in FY 2008 for VGIN equipment. The funds received from both grants were expended in FY 2008 in accordance with the grant requirements.

**Cash Flow – Internal Service Fund (ISF)**

**ISF Cash with Treasurer of Virginia**

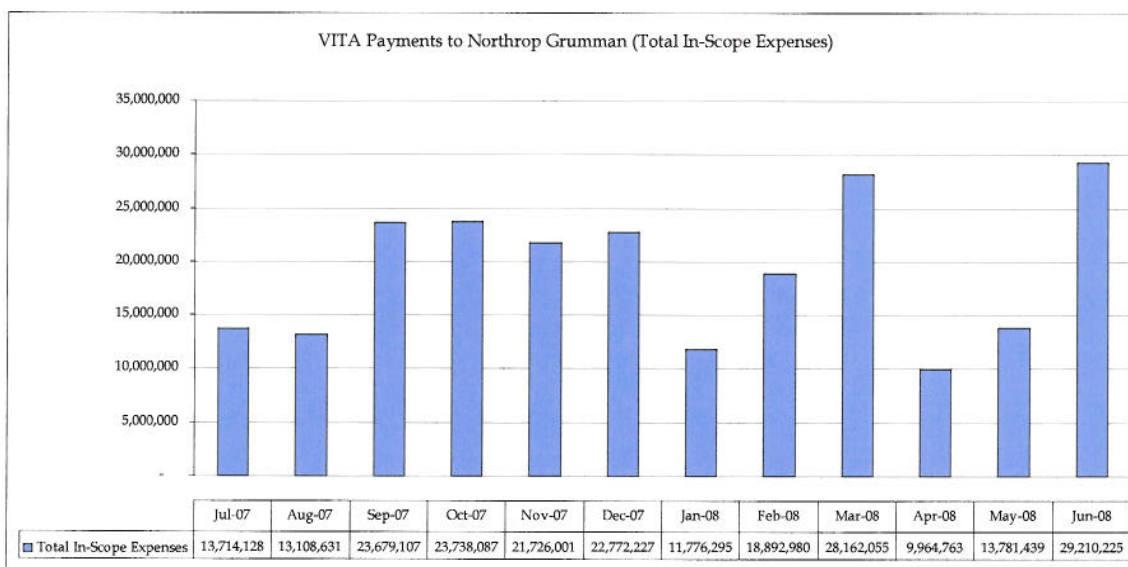
<b>Cash with Treasurer of Virginia</b>	
<b>30-Jun-07</b>	<b>\$ 23,737,479</b>
<b>30-June-08</b>	<b>\$ 18,120,580</b>

VITA - ISF Cash On-Hand (end of month)



The chart above reflects revenue collections net of expenditures at the end of each month, and **DOES NOT include working capital cash advances/treasury loans** (which totaled \$10.0-15.0 million for much of the first half of fiscal 2008).

VITA Payments to Northrop Grumman (Total In-Scope Expenses)



<b>Accounts Receivable (as of June 30, 2008)</b>				
	<b>Total</b>	<b>Current</b>	<b>1-30 Days</b>	<b>&gt; 30 Days</b>
<b>Telecommunications</b>	<b>10,891,220.00</b>	10,283,896.00	410,144.00	197,180.00
<b>Computer Services</b>	<b>5,158,630.00</b>	4,027,936.00	1,116,613.00	14,081.00
<b>Dec. Services</b>	<b>6,615,038.00</b>	2,568,534.00	1,435,852.00	2,610,652.00
<b>T&amp;M</b>	<b>703,504.00</b>	256,854.00	79,632.00	367,018.00
<b>Other</b>	<b>534,736.00</b>	185,733.00	287,293.00	61,710.00
<b>Total Internal Svc Funds</b>	<b>23,903,128.00</b>	17,322,953.00	3,329,534.00	3,250,641.00

From May 31st to June 30th, accounts receivable balances decreased \$17.2 million. This is due to the collection efforts of the finance staff and year end payments by customers.



## Virginia Enterprise Applications Project Office

	Phase I Planning Budget	Actual (6/30/08)	Remaining Budget
<b>Personnel</b>	<b>2,178,393</b>	<b>1,989,680</b>	<b>188,713</b>
EA Project Management Office	578,471	522,327	56,144
CoVA Project Team	1,599,922	1,467,353	132,569
<b>Office Space</b>	<b>0</b>	<b>7,858</b>	<b>-7,858</b>
<b>Operational Costs</b>	<b>20,375</b>	<b>26,397</b>	<b>-6,022</b>
<b>Other</b>	<b>34,177</b>	<b>52,310</b>	<b>-18,133</b>
<b>Contracts</b>	<b>8,752,224</b>	<b>8,564,991</b>	<b>187,233</b>
CGI Fixed Fee	1,200,000	1,200,000	0
CGI and Strategic Consultants T&M	5,182,913	5,054,503	128,410
Planning Support	46,561	46,561	0
Executive Recruiter	55,102	55,102	0
Change Management	151,046	124,374	26,672
RFP Requirements Development	65,000	65,000	0
Procurement Assessment	67,479	67,479	0
Supplemental Project SMEs	1,448,664	1,451,407	-2,743
Business Case Development	191,080	257,990	-66,910
Performance Budgeting Due Diligence	228,600	151,795	76,805
Independent Verification & Validation	115,779	90,779	25,000
<b>Office Supplies</b>	<b>10,487</b>	<b>8,712</b>	<b>1,775</b>
<b>Travel/Business Meals</b>	<b>4,344</b>	<b>4,919</b>	<b>-575</b>
<b>Total:</b>	<b>11,000,000</b>	<b>10,654,867</b>	<b>345,133</b>



## Appendix



Virginia Information Technologies Agency  
Combining Balance Sheet  
Internal Service Funds  
June 30, 2008

Program (Layout): RPT8001

	<u>Totals</u>
	<u>2008</u>
<b>Assets</b>	
<b>Current Assets:</b>	
Cash with Treasurer of Virginia	\$ 18,120,580.42
Petty Cash and Travel Advances	8,000.00
Accounts Receivable	23,903,128.29
Due From Other Funds	-
Due from Commonwealth of Virginia	-
Investments	-
Prepaid Expenses	57,507.02
<b>Total Current Assets</b>	<u>42,089,215.73</u>
<b>Noncurrent Assets</b>	
Depreciable Capital Assets, Net	10,240,963.59
<b>Total Assets</b>	<u><u>\$ 52,330,179.32</u></u>
<b>Liabilities</b>	
<b>Current Liabilities:</b>	
Accounts payable	\$ 24,150,968.35
Interest Payable	-
Capital Lease Obligations	-
Due to Other Funds	-
Due to Other Agencies	-
Notes Payable	146,236.11
Advances from Treasurer of Virginia	-
Accrued Compensated Absences	1,535,178.32
Deferred Contract Revenue	-
Other Deferred Revenue	13,146,705.51
Due to Federal Government	-
Other Liabilities	-
<b>Total Current Liabilities</b>	<u>38,979,088.29</u>
<b>Noncurrent Liabilities:</b>	
Notes Payable	-
Accrued Compensated Absences	2,075,489.86
Capital Lease Obligations	-
Deferred Contract Revenue	-
<b>Total Noncurrent Liabilities</b>	<u>2,075,489.86</u>
<b>Total Liabilities</b>	<u>41,054,578.15</u>
<b>Net Assets</b>	
Investment in Capital Assets, Net of Related Debt	10,094,727.48
Unrestricted	1,180,873.69
<b>Total Net Assets</b>	<u>11,275,601.17</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 52,330,179.32</u></u>

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**Virginia Information Technologies Agency**  
**Combining Statement of Revenues, Expenses,**  
**and Changes in Net Assets**  
**Internal Service Funds**  
**For the Period Ended: June 30, 2008**

Program (Layout): RPT8039

	<u>Totals</u> <u>2008</u>
<b>Operating Revenues</b>	
Charges for Services	\$ 259,794,582.51
<b>Total Operating Revenues</b>	<u>259,794,582.51</u>
<b>Operating Expenses</b>	
Personal Expenses	31,588,573.59
Contractual Services	223,969,413.47
Supplies and Materials	612,757.23
Educational Assistance and Transfer Payments	7,031.73
Rent, Insurance & Other Related Charges	7,195,061.29
Depreciation	8,901,911.00
Expendable Equipment/Improvements	4,006,260.14
<b>Total Operating Expenses</b>	<u>276,281,008.45</u>
<b>Operating Income (Loss)</b>	<u>(16,486,425.94)</u>
<b>Nonoperating Revenues(Expenses)</b>	
Interest	(7,894.11)
Depreciation	(2,060,373.20)
Reimbursement to Federal Government	-
Revenue from the Sale of Recyclable Materials	24.18
Realized Gain -- Assets	2,060,374.24
Proceed from Insurance Recoveries	-
Sale of Surplus Property	-
Loss on Fixed Asset Disposal	-
<b>Total Nonoperating Expenses</b>	<u>(7,868.89)</u>
<b>Income (Loss) Before Transfers</b>	<u>(16,494,294.83)</u>
<b>Transfers</b>	
Transfers from Other Funds	-
Transfers to the General Fund of the Commonwealth	(51,067.00)
Transfers from the General Fund of the Commonwealth	-
<b>Total Transfers</b>	<u>(51,067.00)</u>
<b>Increase (Decrease) in Net Assets</b>	(16,545,361.83)
<b>Total Net Assets, July 1</b>	<u>27,820,963.00</u>
<b>Total Net Assets, June 30</b>	<u>\$ 11,275,601.17</u>

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Virginia Information Technologies Agency  
Combining Balance Sheet  
Enterprise Funds  
June 30, 2008

Program (Layout): RPT8024

	E-911 Wireless
<b>Assets</b>	
<b>Current Assets:</b>	
Cash with Treasurer of Virginia	\$ 20,558,067.00
Petty Cash and Travel Advances	-
Accounts Receivable	7,639,292.00
Due From Other Funds	385,161.00
Due from Commonwealth of Virginia	-
Investments	-
Prepaid Expenses	-
<b>Total Current Assets</b>	<b>28,582,520.00</b>
<b>Noncurrent Assets</b>	
Depreciable Capital Assets, Net	-
<b>Total Assets</b>	<b>\$ 28,582,520.00</b>
<b>Liabilities</b>	
<b>Current Liabilities:</b>	
Accounts payable	\$ 11,753,230.00
Interest Payable	-
Capital Lease Obligations	-
Due to Other Funds	-
Due to Other Agencies	-
Notes Payable	-
Advances from Treasurer of Virginia	-
Accrued Compensated Absences	27,808.00
Deferred Contract Revenue	-
Other Deferred Revenue	-
Due to Federal Government	-
Other Liabilities	-
<b>Total Current Liabilities</b>	<b>11,781,038.00</b>
<b>Noncurrent Liabilities:</b>	
Notes Payable	-
Accrued Compensated Absences	50,991.00
Capital Lease Obligations	-
Deferred Contract Revenue	-
<b>Total Noncurrent Liabilities</b>	<b>50,991.00</b>
<b>Total Liabilities</b>	<b>11,832,029.00</b>
<b>Net Assets</b>	
Investment in Capital Assets, Net of Related Debt	-
Unrestricted	16,750,491.00
<b>Total Net Assets</b>	<b>16,750,491.00</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 28,582,520.00</b>

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**Virginia Information Technologies Agency**  
**Combining Statement of Revenues, Expenses,**  
**and Changes in Net Assets**  
**Enterprise Funds**  
**For the Period Ended: June 30, 2008**

Program (Layout): RPT8029

	<b>E-911 Wireless</b>
<b>Operating Revenues</b>	
Charges for Services	\$ 50,461,828.00
Total Operating Revenues	<u>50,461,828.00</u>
<b>Operating Expenses</b>	
Payments to Virginia Interactive	-
Personal Expenses	909,065.00
Contractual Services	538,342.00
Supplies and Materials	19,126.00
Rent, Insurance & Other Related Charges	3,555.00
Depreciation	-
Expendable Equipment/Improvements	17,151.00
Non-recurring Cost Estimate Payments to Providers	<u>45,953,750.00</u>
Total Operating Expenses	<u>47,440,989.00</u>
<b>Operating Income (Loss)</b>	<u>3,020,839.00</u>
<b>Nonoperating Revenues(Expenses)</b>	
Interest	486,630.00
Revenue from the Sale of Recyclable Materials	-
Receipts on Behalf of Others	
Payments for Receipts Collected on Behalf of Others	
Loss on Fixed Asset Disposal	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>486,630.00</u>
<b>Income (Loss) Before Transfers</b>	<u>3,507,469.00</u>
<b>Transfers</b>	
Transfers to Other State Agencies	(1,970,558.00)
Transfers to the General Fund of the Commonwealth	-
Transfers from the General Fund of the Commonwealth	<u>-</u>
Total Transfers	<u>(1,970,558.00)</u>
<b>Increase (Decrease) in Net Assets</b>	1,536,911.00
<b>Total Net Assets, July 1 (revised)</b>	<u>15,213,580.00</u>
<b>Total Net Assets, June 30</b>	<u><u>\$ 16,750,491.00</u></u>

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**Virginia Information Technologies Agency  
Combining Balance Sheet  
Governmental Funds  
June 30, 2008**

Program (Layout): RPT8034

	General Fund	Total Special Revenue Funds	Federal Funds	2008 Totals
<b>Assets</b>				
Cash with Treasurer of Virginia	\$ -	\$ 2,140,760.11	\$ -	\$ 2,140,760.11
Petty Cash and Travel Advances	-	-	-	-
Accounts Receivable	-	742,752.00	-	742,752.00
Prepaid Expenses	-	-	-	-
Fixed Assets	-	-	-	-
Investments	-	-	-	-
Due From Other Funds	-	132,216.00	-	132,216.00
<b>Total Current Assets</b>	-	3,015,728.11	-	3,015,728.11
<b>Noncurrent Assets</b>				
Depreciable Capital Assets, Net	-	63,360.00	-	63,360.00
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ 3,079,088.11</u>	<u>\$ -</u>	<u>\$ 3,079,088.11</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 844,193.70	\$ -	\$ 844,193.70
Unearned Revenue	-	64,200.00	-	64,200.00
Accrued Compensated Absences	-	27,697.00	-	27,697.00
Other Liabilities	-	521,486.00	-	521,486.00
<b>Total Current Liabilities</b>	-	1,457,576.70	-	1,457,576.70
<b>Noncurrent Liabilities:</b>				
Accrued Compensated Absences	-	32,398.00	-	32,398.00
<b>Total Liabilities</b>	-	1,489,974.70	-	1,489,974.70
<b>Fund Balances</b>				
Investment in Capital Assets, Net of Related Debt	-	63,360.00	-	63,360.00
Unreserved	-	1,525,753.41	-	1,525,753.41
<b>Total Fund Balance</b>	-	1,589,113.41	-	1,589,113.41
<b>Total Liabilities and Fund Balances</b>	<u>\$ -</u>	<u>\$ 3,079,088.11</u>	<u>\$ -</u>	<u>\$ 3,079,088.11</u>

Note: This statement is presented on the cash basis of accounting.

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**Virginia Information Technologies Agency**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Period Ended June 30, 2008**

Program (Layout): RPT8052

	General Fund	Total Special Revenue Funds	Federal Funds	Totals
<b>Revenues</b>				
Appropriations	\$ 2,586,920.00	\$ -	\$ -	\$ 2,586,920.00
Sale of Geographic Data	-	1,796,749.00	-	1,796,749.00
Interest	-	21,569.59	-	21,569.59
Federal Grants	-	-	-	-
Other	-	5,345,872.39	-	5,345,872.39
<b>Total Revenues</b>	<b>2,586,920.00</b>	<b>7,164,190.98</b>	<b>-</b>	<b>9,751,110.98</b>
<b>Expenditures</b>				
Personal Expenses	2,200,857.61	3,628,872.66	-	5,829,730.27
Contractual Services	381,874.30	5,804,262.16	1,046,427.00	7,232,563.46
Supplies and Materials	450.92	5,646.29	-	6,097.21
Non-recurring Cost Estimate Payments to Providers	-	-	-	-
Rent, Insurance & Other Related Charges	660.00	73,109.26	-	73,769.26
Depreciation	-	8,274.00	-	8,274.00
Expendable Equipment/Improvements	2,161.95	29,796.62	70,107.00	102,065.57
<b>Total Expenditures</b>	<b>2,586,004.78</b>	<b>9,549,960.99</b>	<b>1,116,534.00</b>	<b>13,252,499.77</b>
<b>Excess (deficiency) of Revenues over (under) Expenditures</b>	<b>915.22</b>	<b>(2,385,770.01)</b>	<b>(1,116,534.00)</b>	<b>(3,501,388.79)</b>
<b>Other Financing Sources (Uses)</b>				
Payments to the Federal Government	-	(629,222.00)	-	(629,222.00)
Cash Transfers In (Pass Thru)	-	-	486,330.00	486,330.00
Transfers from Other Funds	-	1,922,025.00	-	1,922,025.00
Transfers Out/Reversions	(915.22)	-	(3,466.24)	(4,381.46)
Transfers from the General Fund of the Commonwealth	-	-	-	-
Transfers to the General Fund of the Commonwealth	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(915.22)</b>	<b>1,292,803.00</b>	<b>482,863.76</b>	<b>1,774,751.54</b>
<b>Net Change in Fund Balances</b>	<b>0.00</b>	<b>(1,092,967.01)</b>	<b>(633,670.24)</b>	<b>(1,726,637.25)</b>
<b>Fund Balances, July 1</b>	<b>-</b>	<b>2,682,080.42</b>	<b>633,670.24</b>	<b>3,315,750.66</b>
<b>Fund Balances, June 30</b>	<b>\$ 0.00</b>	<b>\$ 1,589,113.41</b>	<b>\$ -</b>	<b>\$ 1,589,113.41</b>

Note: This statement is presented on the cash basis of accounting.

Run: August 13, 2008 at 03:20 PM